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OPEN MEETING AGENDA ITEM

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JAN 10 2011

CITY OF
TUCSONTUCSON WATER
DEPARTMENT

Arizona Corporation Commission
Commissioners Wing
1200 West Washington
Phoenix, AZ 85007-2996

2011 JAN 13 A 9:58

ARIZONA CORP. COMM
400 W CONGRESS STE 218 TUCSON AZ 85704

**Subject: DOCKET NO. E-01933A-09-0340, PROCEDURAL ORDER Regarding
Comments prior to Open Meeting on January 11 and 12, 2011**

Dear Commissioners:

The City of Tucson ("City") is in receipt of the attached procedural order under Docket No. E-01933A-19-0340 and hereby submits to the docket relevant information and comments for consideration.

The City's involvement in the photovoltaic project being developed by Fotowatio Renewable Ventures, under contract with Tucson Electric Power Company ("TEP") is as lessor to the solar developer. While its primary relationship is with FRV, the City has also worked with TEP, as the project is integral to TEP's renewable implementation plan.

In its decision to lease property to FRV Tucson Solar, LLC ("FRV") for a 25 MW photovoltaic plant, Tucson Water ("TW") considered many factors. Among these are: the numerous positive impacts to the region from a renewable energy project with low water use, the lease revenue benefitting TW ratepayers, land management and land-use impacts, and the need to inform neighbors about the project and solicit their feedback.

The City and its lessee FRV knew that acquiring a Conditional Use Permit ("CUP") through Pima County would provide an appropriate review of impact and mitigation needs, as well as a public process for determining desired and appropriate standards for mitigation. The terms of the lease allow for just such a process.

The Commission and docket are already in receipt of recent comments from the Pima County Hearing Administrator to the Board of Supervisors, following a public hearing for the CUP. Included in these well-reasoned comments is the following statement:

...A solar farm is a quiet, non-obtrusive, low-profile, and passive neighbor that causes no material disturbance to adjacent properties. If properly buffered, even its visual impact can be largely mitigated due to the short height of the solar panels involved. All things considered, the Hearing Administrator finds no substantive, empirical evidence to support the notion that property values in the area will be reduced solely from the introduction of a solar farm...

This finding follows from months of project design, involving extensive analysis of the site and incorporating neighbor feedback in the early stages.

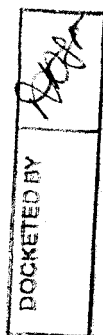


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Arizona Corporation Commission
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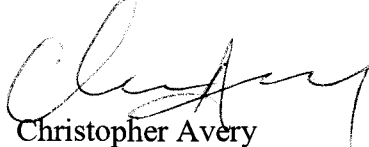
Regarding the complaint by Mr. Richard Westfall, the City is aware that both FRV and TEP have made significant efforts to discuss potential mitigation with Mr. Westfall. The City has also had general discussion with Mr. Westfall regarding the solar project and his interests as an adjacent land owner. These discussions began when, anticipating use of this property, the City attempted to resolve an encroachment by Mr. Westfall on the same property.

In early spring 2010, the City honored Mr. Westfall's request to postpone negotiations related to his encroachment until after he had received more information regarding the solar project. At that time, the City provided what information it had regarding the project design and referred Mr. Westfall to the solar project developer, providing contact information. FRV's project manager confirmed that she and other FRV staff had been in contact with Mr. Westfall. The City also learned that TEP staff had met on more than one occasion with Mr. Westfall to discuss the solar project.

On May 5, 2010, the City was instrumental in arranging the first informal, well-attended neighborhood meeting at a location near the solar project site. Mr. Westfall attended this meeting and met the following day with the TW Deputy Director, Sandy Elder, to express his preferences regarding the project. At this meeting, Mr. Westfall requested that the City purchase his property, should the solar project move forward. Following its letter to Mr. Westfall that a land purchase transaction did not appear mutually beneficial, the City met with Mr. Westfall, who indicated that he did not want to live next to a solar farm but understood that the City would not purchase his property.

In summary, the City is pleased with efforts FRV has made to learn neighbor concerns and adopt reasonable mitigation strategies, in several instances beyond what is typically required by code (e.g. setback distances for the fencing and vegetative screening). In its dealings with FRV and TEP, the City has found TEP to encourage FRV to develop appropriate mitigation strategies and develop a positive relationship with neighbors by honoring reasonable requests. The City anticipates that FRV will commission a model solar energy project, serving to fulfill a portion of TEP's renewable implementation requirements and benefitting southern Arizona.

Sincerely,



Christopher Avery
Chief Water Counsel

CA/AP/lr

cc: Andrew H. Quigley, Interim Director, TW
Sandy Elder, Deputy Director, TW
Bruce Plenk, Solar Energy Coordinator, GS

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

Arizona Corporation Commission

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[Signature]

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF ITS RENEWABLE ENERGY
STANDARD AND TARIFF IMPLEMENTATION
PLAN - CONTRACTS AND PROJECTS.

DOCKET NO. E-01933A-09-0340

PROCEDURAL ORDER

BY THE COMMISSION:

On April 14, 2010, the Arizona Corporation Commission ("Commission") issued Decision No. 71640 which, among other things, found that contracts and projects discussed therein "are compatible with Tucson Electric Power Company's energy portfolio and are compatible with Tucson Electric Power Company's 2010 implementation plan as approved by the Commission in Decision No. 71465." (Decision No. 71640, at 8.)

On January 4, 2011, the Commission voted to reopen Decision No. 71640, pursuant to A.R.S. § 40-252, for the limited purpose of considering whether sufficient efforts have been made to mitigate impacts to Rick Westfall's property by the photovoltaic project being developed by Fotowatio Renewable Ventures. The Commissioners indicated that this matter would be considered at its regular Open Meeting scheduled for January 11 and 12, 2011.

IT IS THEREFORE ORDERED that all interested parties may file in this docket, by no later than January 10, 2011, any relevant information or comments they wish to have considered regarding this matter. Interested parties will be given an opportunity to be heard during the Commission's discussion and deliberation at the Open Meeting.

DATED this 6th day of January, 2011.

[Signature]

DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

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